

**Westmoreland County
Tax Collection Committee**

**Tax Officer,
Berkheimer Tax Administrator**

Financial Statement and
Supplementary Information

Year Ended December 31, 2015



BAKER TILLY

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**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

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Independent Auditors' Report

Westmoreland County Tax Collection Committee
Tax Officer, Berkheimer Tax Administrator

Report on the Financial Statement

We have audited the accompanying statement of earned income tax cash receipts, cash disbursements and cash balances (the "financial statement") of Westmoreland County Tax Collection Committee Tax Officer, Berkheimer Tax Administrator (the "Tax Officer") for the year ended December 31, 2015, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of Pennsylvania Act 32 of 2008. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the earned income tax cash receipts, cash disbursements and cash balances of Westmoreland County Tax Collection Committee Tax Officer, Berkheimer Tax Administrator for the year ended December 31, 2015, in accordance with the financial reporting provisions of Pennsylvania Act 32 of 2008.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared by the Tax Officer on the basis of the financial reporting provisions of Pennsylvania Act 32 of 2008, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole. The schedule of bonding analysis on page 14, schedule of collection fees charged on page 15, and the schedule of reconciliation of monthly reports to audited receipts and disbursements required under section 509(b) of Pennsylvania Act 32 of 2008 on page 16 are presented for purposes of additional analysis and are not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statement as a whole.

Purpose of this Report

Our report is intended solely for the information and use of the governing body, Tax Collection District members and management of the Tax Officer and for filing with the Commonwealth of Pennsylvania, Department of Community and Economic Development and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2016 on our consideration of the Tax Officer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Tax Officer's internal control over financial reporting and compliance.

Baker Tilly Viechow Krause, LLP

Williamsport, Pennsylvania

April 27, 2016

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

**STATEMENT OF EARNED INCOME TAX CASH RECEIPTS, CASH DISBURSEMENTS
AND CASH BALANCES**

For the Year Ended December 31, 2015

COLLECTIONS AND RECEIPTS

Resident EIT Received from Employers/Taxpayers within TCD	\$	49,420,789
Resident EIT Received from Other TCDs		39,150,694
Non-Resident EIT Received for PSD within the TCD		1,191,693
Non-Resident EIT Received for Other TCDs		19,401,201
Delinquent Collections		2,521,607
EIT Received for PSD within the TCD due to Other Collector		31,275
Net change in unidentified collections		80,247
Investment Income		75
Costs Recovered by the Tax Officer		404,178
Other Collections		
Court Fees Reimbursed		-

TOTAL COLLECTIONS AND RECEIPTS

112,201,759

DISTRIBUTIONS AND DISBURSEMENTS

EIT Distributions to TCD Members (Note 3)	89,877,568
EIT Distributions to Other Tax Officers for TCD Members	31,275
EIT Distributions to Other TCDs (Note 4)	19,401,201
Taxpayer Refunds	1,283,041
Tax Officer Commissions	1,039,008
TCD Committee Fees	-
Other Disbursements	
Postage Fees Reimbursed to Tax Officer	85,822
Investment Income Retained by Tax Officer	12
Cost Retained by Tax Officer	404,178
Tax Officer Commissions on Sterling Credits	-

TOTAL DISTRIBUTIONS AND DISBURSEMENTS

112,122,106

COLLECTIONS AND RECEIPTS

OVER/(UNDER) DISTRIBUTIONS AND DISBURSEMENTS

79,652

CASH BALANCE - January 1, 2015

234,549

CASH BALANCE - December 31, 2015

\$ 314,201

See accompanying notes to financial statement.

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

NOTES TO FINANCIAL STATEMENT

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Westmoreland County Tax Collection Committee (“TCC”) is the Tax Collection Committee representing all taxing jurisdictions within Westmoreland County, Pennsylvania, as defined by Pennsylvania Act 32 of 2008. The TCC is comprised of representatives from each taxing jurisdiction. All actions of the TCC are approved by the representatives using a weighted voting system based on each taxing jurisdiction’s percentage of earned income tax revenue and population. The TCC is responsible for overseeing the collection and distribution of earned income and net profit taxes (“EIT”) within the Tax Collection District (“TCD”). Members of the TCD are comprised of all school districts and municipalities within the geographic boundaries of the TCD. Non-members are entities not included within the geographic boundaries of the TCD.

Westmoreland County TCC has contracted with Berkheimer Tax Administrator (“Tax Officer”) to collect and distribute earned income and net profit taxes within the Westmoreland County TCD. Pennsylvania Act 32 of 2008 requires an audit of the receipts and disbursements of these taxes by an independent certified public accountant. This report is intended to meet that requirement.

Summary of Significant Accounting Policies:

The TCC’s Tax Officer, Berkheimer Tax Administrator, maintains financial records related to the Earned Income Tax transactions on the cash basis of accounting which recognizes collections and other receipts when received and disbursements when paid. The accompanying financial statement is prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements present only cash receipts and disbursements related to earned income tax collection activities of Westmoreland County TCC.

Subsequent Transactions

In preparing this financial statement, the Tax Officer has evaluated events and transactions for potential recognition and disclosure through April 27, 2016, the date the financial statement was made available to be issued.

Note 2. Cash Balance and Concentration of Credit Risk

The Tax Officer maintains agency funds for the purpose of receiving and disbursing earned income taxes collected. The funds are maintained for members of the Tax Collection District for which the Tax Officer has been retained as the earned income tax collector. A separate fund, known as the Reciprocal Fund, is used to disburse money to other tax collectors, for the non-client districts of Berkheimer Tax Administrator.

All taxes received are deposited daily into a FDIC insured bank account. All deposits are collateralized by the bank with a Federal Home Loan Bank letter of credit in accordance with the requirements of the

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
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NOTES TO FINANCIAL STATEMENT

Note 2. Cash Balance and Concentration of Credit Risk (cont'd)

Commonwealth of Pennsylvania ACT 72 of 1971, as amended.

All earned income taxes are processed through and disbursed by utilizing computerized systems. Disbursements to clients are made at least monthly with surety bonds maintained to cover undistributed funds. Subsidiary ledger accounts are maintained for each client and reciprocal collector.

All earned income tax collected for non-client districts is disbursed to the non-client tax agent within thirty (30) days of the later of the receipt date or the due date of the employer quarterly filings. All earned income tax collected that cannot be identified to an individual is returned to the client district where it was collected.

The cash balance represents collections held pending receipt of monthly, quarterly, or annual reports identifying amounts due to the appropriate member of Westmoreland County TCC or other Tax Collection Districts. The cash balance at December 31, 2015, for members of the Westmoreland County TCC, totaled \$314,201. The following are the entities for which the money was held at December 31, 2015, and the amount held for each of those entities.

Municipality	School District		Ending Cash Balance
ALLEGHENY TWP	KISKI AREA SD	\$	658
ARNOLD CITY	NEW KENSINGTON ARNOLD SD		632
ARONA BORO	YOUGH SD		146
AVONMORE BORO	KISKI AREA SD		131
BELL TWP	KISKI AREA SD		5,034
BELLE VERNON BORO	BELLE VERNON AREA SD		330
COOK TWP	LIGONIER VALLEY SD		631
DELMONT BORO	FRANKLIN REGIONAL SD		104
DELMONT BORO	GREENSBURG SALEM SD		504
DERRY BOROUGH	DERRY AREA SD		1,085
DERRY TWP	DERRY AREA SD		49,781
DONEGAL BORO	MOUNT PLEASANT AREA SD		27
DONEGAL TWP	MOUNT PLEASANT AREA SD		714
EAST HUNTINGDON TWP	SOUTHMORELAND SD		814
EVERSON BOROUGH	SOUTHMORELAND SD		174
EXPORT BORO	FRANKLIN REGIONAL SD		426
GREENSBURG CITY	GREENSBURG SALEM SD		6,185
HEMPFIELD TWP	HEMPFIELD AREA SD		51,928
IRWIN BORO	NORWIN SD		2,186
JEANNETTE CITY	JEANNETTE CITY SD		799
JEANNETTE CITY	PENN-TRAFFORD SD		253
LATROBE CITY	GREATER LATROBE SD		27,358

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
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NOTES TO FINANCIAL STATEMENT

Note 2. Cash Balance and Concentration of Credit Risk (cont'd)

Municipality	School District	Ending Cash Balance
LIGONIER BORO	LIGONIER VALLEY SD	\$ 548
LIGONIER TWP	LIGONIER VALLEY SD	23,454
LOWER BURRELL CITY	BURRELL SD	1,570
MADISON BORO	YOUGH SD	293
MONESSEN CITY	MONESSEN CITY SD	4,809
MT PLEASANT BORO	MOUNT PLEASANT AREA SD	216
MT PLEASANT TWP	MOUNT PLEASANT AREA SD	2,152
MURRYSVILLE	FRANKLIN REGIONAL SD	16,572
NEW ALEXANDRIA BOROUGH	DERRY AREA SD	653
NEW FLORENCE BORO	LIGONIER VALLEY SD	1,288
NEW KENSINGTON CITY	NEW KENSINGTON ARNOLD SD	4,417
NEW STANTON BORO	HEMPFIELD AREA SD	2,254
NORTH BELLE VERNON BORO	BELLE VERNON AREA SD	528
NORTH HUNTINGDON TWP	NORWIN SD	18,911
OKLAHOMA BOROUGH	KISKI AREA SD	670
PARKS TOWNSHIP	KISKI AREA SD	198
PENN BOROUGH	PENN-TRAFFORD SD	15,396
PENN TWP	PENN-TRAFFORD SD	32,961
ROSTRAVER TWP	BELLE VERNON AREA SD	11,535
SALEM TWP	GREENSBURG SALEM SD	101
SCOTTDALE BORO	SOUTHMORELAND SD	1,098
SEWICKLEY TWP	YOUGH SD	2,794
SMITHTON BORO	YOUGH SD	135
SOUTH GREENSBURG BORO	GREENSBURG SALEM SD	2,445
SOUTH HUNTINGDON TWP	YOUGH SD	4,620
SOUTHWEST GREENSBURG BORO	GREENSBURG SALEM SD	218
SUTERSVILLE BORO	YOUGH SD	430
TRAFFORD BORO	PENN-TRAFFORD SD	450
UNITY TWP	GREATER LATROBE SD	4,007
UPPER BURRELL TWP	BURRELL SD	3,701
UPPER TYRONE TWP	SOUTHMORELAND SD	31
VANDERGRIFT BORO	KISKI AREA SD	223
WASHINGTON TWP	BELLE VERNON AREA SD	580
WASHINGTON TWP	KISKI AREA SD	2,008
WEST NEWTON BORO	YOUGH SD	2,034
WHITE OAK BORO	NORWIN SD	(595)
YOUNGWOOD BORO	HEMPFIELD AREA SD	1,595
		\$ <u><u>314,201</u></u>

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
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NOTES TO FINANCIAL STATEMENT

Note 3. EIT Distributions to TCD Members

The following details the earned income tax distributions to TCD members presented in the statement of earned income tax cash receipts, cash disbursements and cash balances:

Member		Distributions
ADAMSBURG BORO	\$	15,688
ALLEGHENY TWP		1,064,966
ARNOLD CITY		359,517
ARONA BORO		30,865
AVONMORE BORO		70,583
BELL TWP		246,757
BELLE VERNON ASD		2,114,742
BELLE VERNON BORO		86,891
BOLIVAR BORO		29,471
BURRELL SD		1,592,222
CITY OF JEANNETTE		2,765,934
COOK TWP		234,882
DELMONT BORO		330,235
DERRY ASD		1,530,304
DERRY BOROUGH		229,876
DERRY TWP		1,251,509
DONEGAL BOROUGH		15,311
DONEGAL TWP		262,155
EAST HUNTINGDON TWP		836,261
EAST VANDERGRIFT BORO		47,401
EVERSON BORO		57,287
EXPORT BORO		75,827
FAIRFIELD TWP		206,593
FAYETTE CITY BORO		46,094
FRANKLIN REGIONAL SD		4,443,522
GREATER LATROBE SD		3,711,433
GREENSBURG CITY		3,079,372
GREENSBURG SALEM SD		2,464,697
HEMPFIELD ASD		5,867,706
HEMPFIELD TWP		5,205,501
HUNKER BORO		30,350
HYDE PARK BORO		39,432
IRWIN BORO		402,817
JEANNETTE CITY SD		676,096

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NOTES TO FINANCIAL STATEMENT

Note 3. EIT Distributions to TCD Members (cont'd)

Member		Distributions
KISKI ASD	\$	2,987,618
LATROBE CITY		1,310,867
LAUREL MOUNTAIN BORO		19,975
LIGONIER BORO		142,541
LIGONIER TWP		765,345
LIGONIER VALLEY SD		1,584,376
LOWER BURRELL CITY		1,311,405
MADISON BORO		48,011
MANOR BORO (HASD)		75,541
MANOR BORO (PTSD)		431,067
MONESSEN CITY		612,278
MONESSEN CITY SD		572,657
MOUNT PLEASANT ASD		1,733,695
MOUNT PLEASANT BORO		389,649
MOUNT PLEASANT TWP		1,125,200
MUNIC OF MURRYSVILLE		4,193,765
NEW ALEXANDRIA BORO		54,683
NEW FLORENCE BORO		45,687
NEW KENSINGTON CITY		1,103,114
NEW KENSINGTON-ARNOLD SD		1,449,981
NEW STANTON BORO		293,804
NORTH BELLE VERNON BORO		189,401
NORTH HUNTINGDON TWP		4,395,458
NORTH IRWIN BORO		76,962
NORWIN SD		4,871,410
OKLAHOMA BORO		82,508
PARKS TWP		236,825
PENN BORO		37,521
PENN TWP		3,016,206
PENN-TRAFFORD SD		3,809,874
ROSTRAVER TWP		1,465,016
SALEM TWP		663,702
SCOTTDAL E BOROUGH		440,531
SEWARD BORO		29,847
SEWICKLEY TWP		638,356
SMITHTON BORO		31,908
SOUTH GREENSBURG BORO		211,707
SOUTH HUNTINGDON TWP		629,941
SOUTH VERSAILLES TWP		5,163

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
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NOTES TO FINANCIAL STATEMENT

Note 3. EIT Distributions to TCD Members (cont'd)

Member		Distributions
SOUTHMORELAND SD	\$	1,474,891
SOUTHWEST GREENSBURG BORO		225,095
ST CLAIR TWP		110,925
SUTERSVILLE BORO		49,864
TRAFFORD BORO		336,570
UNITY TWP		2,931,639
UPPER BURRELL TWP		299,667
UPPER TYRONE TWP		159,379
VANDERGRIFT BORO		348,992
WASHINGTON TWP		1,199,030
WEST NEWTON BORO		241,448
WHITE OAK BORO		2,827
YOUGH SD		1,660,889
YOUNGSTOWN BORO		26,688
YOUNGWOOD BORO		303,776
	\$	89,877,568

Note 4. EIT Distributions to Non-Members of Westmoreland County TCD

The following details the Out-of-County distributions presented in the statement of earned income tax cash receipts, cash disbursements, and cash balances:

Non-Member		Distributions
ADAMS TAX COLLECTION DISTRICT	\$	10,213
ALLEGHENY CENTRAL TAX COLLECTION DISTRICT		2,157,572
ALLEGHENY NORTH TAX COLLECTION DISTRICT		1,724,179
ALLEGHENY SOUTHEAST TAX COLLECTION DISTRICT		3,831,344
ALLEGHENY SOUTHWEST TAX COLLECTION DISTRICT		1,215,937
ARMSTRONG TAX COLLECTION DISTRICT		1,356,221
BEAVER TAX COLLECTION DISTRICT		228,108
BEDFORD TAX COLLECTION DISTRICT		78,276
BERKS TAX COLLECTION DISTRICT		27,874
BLAIR TAX COLLECTION DISTRICT		69,090
BRADFORD TAX COLLECTION DISTRICT		20,707
BUCKS TAX COLLECTION DISTRICT		63,865
BUTLER TAX COLLECTION DISTRICT		911,036

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
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NOTES TO FINANCIAL STATEMENT

Note 4. EIT Distributions to Non-Members of Westmoreland County TCD (cont'd)

Non-Member		Distributions
CAMBRIA TAX COLLECTION DISTRICT	\$	541,903
CAMERON TAX COLLECTION DISTRICT		1,010
CARBON TAX COLLECTION DISTRICT		9,087
CENTRE TAX COLLECTION DISTRICT		55,313
CHESTER TAX COLLECTION DISTRICT		26,489
CLARION TAX COLLECTION DISTRICT		73,027
CLEARFIELD TAX COLLECTION DISTRICT		166,613
CLINTON TAX COLLECTION DISTRICT		54,846
COLUMBIA TAX COLLECTION DISTRICT		27,911
CRAWFORD TAX COLLECTION DISTRICT		54,402
CUMBERLAND TAX COLLECTION DISTRICT		51,311
DAUPHIN TAX COLLECTION DISTRICT		75,289
DELAWARE TAX COLLECTION DISTRICT		5,154
ELK TAX COLLECTION DISTRICT		11,142
ERIE TAX COLLECTION DISTRICT		49,742
FAYETTE TAX COLLECTION DISTRICT		2,295,098
FOREST TAX COLLECTION DISTRICT		4,019
FRANKLIN TAX COLLECTION DISTRICT		29,544
FULTON TAX COLLECTION DISTRICT		5,150
GREENE TAX COLLECTION DISTRICT		76,535
HUNTINGDON TAX COLLECTION DISTRICT		29,724
INDIANA TAX COLLECTION DISTRICT		1,697,763
JEFFERSON TAX COLLECTION DISTRICT		91,533
JUNIATA TAX COLLECTION DISTRICT		6,594
LACKAWANNA TAX COLLECTION DISTRICT		27,493
LANCASTER TAX COLLECTION DISTRICT		37,455
LAWRENCE TAX COLLECTION DISTRICT		63,581
LEBANON TAX COLLECTION DISTRICT		25,152
LEHIGH TAX COLLECTION DISTRICT		27,439
LUZERNE TAX COLLECTION DISTRICT		56,480
LYCOMING TAX COLLECTION DISTRICT		95,857
MCKEAN TAX COLLECTION DISTRICT		14,320
MERCER TAX COLLECTION DISTRICT		94,629
MIFFLIN TAX COLLECTION DISTRICT		10,608
MONROE TAX COLLECTION DISTRICT		13,187
MONTGOMERY TAX COLLECTION DISTRICT		43,782

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NOTES TO FINANCIAL STATEMENT

Note 4. EIT Distributions to Non-Members of Westmoreland County TCD (cont'd)

<u>Non-Member</u>	<u>Distributions</u>
MONTOUR TAX COLLECTION DISTRICT	\$ 13,501
NORTHAMPTON TAX COLLECTION DISTRICT	28,610
NORTHUMBERLAND TAX COLLECTION DISTRICT	19,780
PERRY TAX COLLECTION DISTRICT	12,609
PIKE TAX COLLECTION DISTRICT	35
POTTER TAX COLLECTION DISTRICT	11,558
SCHUYLKILL TAX COLLECTION DISTRICT	19,027
SNYDER TAX COLLECTION DISTRICT	11,622
SOMERSET TAX COLLECTION DISTRICT	398,555
SULLIVAN TAX COLLECTION DISTRICT	1,520
SUSQUEHANNA TAX COLLECTION DISTRICT	3,099
TIOGA TAX COLLECTION DISTRICT	13,997
UNION TAX COLLECTION DISTRICT	5,570
VENANGO TAX COLLECTION DISTRICT	31,978
WARREN TAX COLLECTION DISTRICT	13,412
WASHINGTON TAX COLLECTION DISTRICT	1,124,050
WAYNE TAX COLLECTION DISTRICT	347
WYOMING TAX COLLECTION DISTRICT	1,976
YORK TAX COLLECTION DISTRICT	46,353
	<u>\$ 19,401,201</u>

Note 5. Source of Earned Income Tax Collections

The earned income tax imposed is currently 1%-1.65% per year.

The sources of Earned Income Tax Collections include:

- Salaries, Wages, Commissions and other compensation earned by residents of the Westmoreland County TCC.
- Net profits from self-employment earned by residents of the Westmoreland County TCC.

Collections are shared among applicable taxing jurisdictions within the TCC. The following taxing-jurisdictions belong to the Westmoreland County TCC and are serviced by Berkheimer Tax Administrator.

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NOTES TO FINANCIAL STATEMENT

Note 5. Source of Earned Income Tax Collections (cont'd)

SCHOOL DISTRICTS	MUNICIPALITIES	
	BOROUGHS	TOWNSHIPS
BELLE VERNON AREA SD	ADAMSBURG BORO	ALLEGHENY TWP
BURRELL SD	ARNOLD CITY	BELL TWP
DERRY AREA SD	ARONA BORO	COOK TWP
FRANKLIN REGIONAL SD	AVONMORE BORO	DERRY TWP
GREATER LATROBE SD	BELLE VERNON BORO	DONEGAL TWP
GREENSBURG SALEM SD	BOLIVAR BORO	EAST HUNTINGDON TWP
HEMPFIELD AREA SD	DELMONT BORO (FRANKLIN REGIONAL SD)	FAIRFIELD TWP
JEANNETTE CITY SD	DELMONT BORO(GREENSBURG SALEM SD)	HEMPFIELD TWP
KISKI AREA SD	DERRY BORO	LIGONIER TWP
LIGONIER VALLEY SD	DONEGAL BORO	MT PLEASANT TWP
MONESSEN CITY SD	EAST VANDERGRIFT BORO	NORTH HUNTINGDON TWP
MOUNT PLEASANT AREA SD	EVERSON BORO	PARKS TWP
NEW KENSINGTON-ARNOLD SD	EXPORT BORO	PENN TWP
NORWIN SD	FAYETTE CITY BORO	ROSTRAVER TWP
PENN-TRAFFORD SD	GREENSBURG CITY (GREENSBURG SALEM SD)	SALEM TWP
SOUTHMORELAND SD	GREENSBURG CITY (HEMPFIELD AREA SD)	SEWICKLEY TWP
YOUGH SD	HUNKER BORO	SOUTH HUNTINGDON TWP
	HYDE PARK BORO	SOUTH VERSAILLES TWP
	IRWIN BORO	ST. CLAIR TWP
	JEANNETTE CITY (HEMPFIELD AREA SD)	UNITY TWP
	JEANNETTE CITY (JEANNETTE CITY SD)	UPPER BURRELL TWP
	JEANNETTE CITY (PENN-TRAFFORD SD)	UPPER TYRONE TWP
	LATROBE BORO	WASHINGTON TWP (BELLE VERNON AREA SD)
	LAUREL MOUNTAIN BORO	WASHINGTON TWP (KISKI AREA SD)
	LIGONIER BORO	
	LOWER BURRELL CITY	
	MADISON BORO	
	MANOR BORO (PENN-TRAFFORD SD)	
	MANOR BORO (HEMPFIELD AREA SD)	
	MONESSEN CITY	
	MT PLEASANT BORO	
	MURRYSVILLE BORO	
	NEW ALEXANDRIA BORO	
	NEW FLORENCE BORO	
	NEW KENSINGTON CITY	

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
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NOTES TO FINANCIAL STATEMENT

Note 5. Source of Earned Income Tax Collections (cont'd)

SCHOOL DISTRICTS	MUNICIPALITIES	
	BOROUGHES	TOWNSHIPS
	NEW STANTON BORO	
	NORTH BELLE VERNON BORO	
	NORTH IRWIN BORO	
	OKLAHOMA BORO	
	PENN BORO	
	SCOTTDALE BORO	
	SEWARD BORO	
	SMITHTON BORO	
	SOUTH GREENSBURG BORO (GREENSBURG SALEM SD)	
	SOUTH GREENSBURG BORO (HEMPFIELD AREA SD)	
	SOUTHWEST GREENSBURG BORO	
	SUTERSVILLE BORO	
	TRAFFORD BORO	
	VANDERGRIFT BORO	
	WEST NEWTON BORO	
	WHITE OAK BORO	
	YOUNGSTOWN BORO	
	YOUNGWOOD BORO	

Note 6. Tax Collection Contract

Westmoreland County TCC has contracted with Berkheimer Tax Administrator for the collection and distribution of earned income taxes. The original contract term which began on January 1, 2012 and continued through December 31, 2014, has been amended for an additional period beginning January 1, 2015 and ending December 31, 2018, unless terminated earlier, the contract terms will continue no longer than July 15 of the succeeding calendar year. The contract calls for collection fee of 1.42% of tax collections to be retained by Berkheimer Tax Administrator upon collection with the net proceeds being distributed.

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

SUPPLEMENTARY INFORMATION

**SCHEDULE OF BONDING ANALYSIS
Year Ended December 31, 2015**

Earned Income Tax Collections - Collections within TCD	\$ 92,284,782
Less: Taxpayer refunds - earned income taxes	<u>1,283,041</u>
Earned Income Tax Collections - Net	<u><u>\$ 91,001,741</u></u>
 Bonding Amount as determined by TCC	 \$ <u>5,650,000</u>
 Actual Bond Amount	 \$ <u>5,650,000</u>
 Average daily amount of tax collections in possession of tax officer	 \$ <u>249,320</u>

Per the contract between Westmoreland County TCC and the tax officer, Berkheimer Tax Administrator, is required to distribute collections on a weekly basis. However in practice, distributions are made daily or weekly. Therefore, the Tax Officer maintained collection balance within the bond requirements set forth in the contract.

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COLLECTION FEES CHARGED
Year Ended December 31, 2015**

Earned Income Tax Collections - Collections within TCD Current	\$ 89,763,175
Earned Income Tax Collections - Collections within TCD Delinquent	2,521,607
Less: Taxpayer refunds - earned income taxes	<u>1,283,041</u>
Earned Income Tax Collections - Net	<u>\$ 91,001,741</u>
 Collection Rate per TCC/Tax Officer Contract	
Current Collections	1.42%
Delinquent Collections	0%
 Collection Fees Charged	 \$ 1,256,815

- Tax Officer, Berkheimer Tax Administrator, calculates commissions on a monthly basis. Commissions are calculated to three decimals and the IT logic built into the operating system rounds the calculated commissions to two decimals.
- Rates above may vary for delinquent collections.

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

SUPPLEMENTARY INFORMATION

**SCHEDULE OF RECONCILIATION OF MONTHLY REPORTS TO AUDITED RECEIPTS AND
DISBURSEMENTS REQUIRED UNDER SECTION 509(b) OF PENNSYLVANIA ACT 32 OF 2008
Year Ending December 31, 2015**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance
CASH BALANCE - January 1, 2015	\$ 234,549	234,549	0
COLLECTIONS AND RECEIPTS			
Resident EIT Received from Employers/Taxpayers within TCD	49,420,789	49,420,789	0
Resident EIT Received from Other TCDs	39,150,694	39,150,694	0
Non-Resident EIT Received for PSD within the TCD	1,191,693	1,191,693	0
Non-Resident EIT Received for Other TCDs	19,401,201	19,401,201	0
Delinquent Collections	2,521,607	2,521,607	0
EIT Received for PSD within the TCD due to Other Collector	31,275	31,275	0
Net change in unidentified collections	80,247	80,247	0
Investment Income	75	75	0
Costs Recovered by the Tax Officer	404,178	404,178	0
Other Collections			
Court Fees Reimbursed	0	0	0
TOTAL COLLECTIONS AND RECEIPTS	112,201,759	112,201,759	0
LESS : DISTRIBUTIONS AND DISBURSEMENTS			
EIT Distributions to TCD Members	89,877,568	89,877,568	0
EIT Distributions to Other Tax Officers for TCD Members	31,275	31,275	0
EIT Distributions to Other TCDs	19,401,201	19,401,201	0
Taxpayer Refunds	1,283,041	1,283,041	0
Tax Officer Commissions	1,039,008	1,039,008	0
TCD Committee Fees	0	0	0
Other Disbursements			
Postage Fees Reimbursed to Tax Officer	85,822	85,822	0
Investment Income Retained by Tax Officer	12	12	0
Cost Retained by Tax Officer	404,178	404,178	0
Tax Officer Commissions on Sterling Credits	0	0	0
TOTAL DISTRIBUTIONS AND DISBURSEMENTS	112,122,106	112,122,106	0
COLLECTIONS AND RECEIPTS OVER/(UNDER) DISTRIBUTIONS AND DISBURSEMENTS	79,652	79,652	0
CASH BALANCE - December 31, 2015	\$ 314,201	314,201	0

**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
with *Government Auditing Standards***

Westmoreland County Tax Collection Committee
Tax Officer, Berkheimer Tax Administrator

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of earned income tax cash receipts, cash disbursements and cash balances (the "financial statement") of Westmoreland County Tax Collection Committee Tax Officer, Berkheimer Tax Administrator (the "Tax Officer") for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 27, 2016. Our report disclosed that the financial statement is prepared by the Tax Officer on the basis of the financial reporting provisions of Pennsylvania Act 32 of 2008, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Tax Officer's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Tax Officer's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Officer's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Officer's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Viechow Krause, LLP

Williamsport, Pennsylvania
April 27, 2016

Independent Auditors' Report on Compliance with Pennsylvania Act 32 of 2008

Westmoreland County Tax Collection Committee
Tax Officer, Berkheimer Tax Administrator

Compliance

We have audited Westmoreland County Tax Collection Committee Tax Officer, Berkheimer Tax Administrator's (the "Tax Officer") compliance with Pennsylvania Act 32 of 2008 as applicable to the Tax Officer's earned income tax cash receipts, cash disbursements, and cash balances for the year ended December 31, 2015.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the Tax Officer's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the Tax Officer's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Pennsylvania Act 32 of 2008, and; Pennsylvania Department of Community and Economic Development's Governor's Center for Local Government Services ("DCED") publication, *Act 32 Suggested Audit Procedures*. Those standards, Pennsylvania Act 32 of 2008, and the DCED's *Act 32 Suggested Audit Procedures* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Tax Officer's earned income tax cash receipts, cash disbursements, and cash balances occurred. An audit includes examining, on a test basis, evidence about the Tax Officer's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Tax Officer's compliance with those requirements.

Opinion

In our opinion, the Tax Officer complied, in all material respects, with the compliance requirements referred to above that are applicable to the Tax Officer's earned income tax cash receipts, cash disbursements, and cash balances for the year ended December 31, 2015.

Other Matters

This report is intended solely for the information and use of management, the Tax Collection Committee, Tax Collection District members, and DCED and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly Viechow Krause, LLP

Williamsport, Pennsylvania
April 27, 2016

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

SCHEDULE OF FINDINGS AND NON-COMPLIANCE

Section I - Financial Statement Findings

None

Section II - Findings of Non-Compliance with Pennsylvania Act 32 of 2008

None